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ARIZONA CORPORATION COMMISSION

January 2, 2007

Chairman Hatch-Miller Commissioner Gleason Commissioner Mayes Commissioner Pierce

Re: Amending Commission Rule Regarding Certificates of Convenience and

Necessity for Water Utilities (R14-2-402)

Dear Colleagues:

I have read the Chairman's letter dated January 2, 2007 in which he proposes to open a rulemaking docket to amend A.C.C. R14-2-402 relating to CC&Ns for water utilities. I think that this is an excellent idea and I heartily concur.

Water conservation measures are becoming increasingly important in light of Arizona's rapid growth and the drought which we are currently experiencing. Clarifying our Rules to provide clear guidance to water utilities on the Commissions' water conservation principles is sound public policy.

Sincerely,

William A. Mundell, Commissioner Arizona Corporation Commission

cc: Brian McNeil Ernest Johnson Chris Kempley Lyn Farmer Heather Murphy